Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	CC 00-36
	)	
GTE Telephone Operating Companies	)	Transmittal No. 1234
Revisions to Tariff FCC No. 1	)	
	)	
GTE Systems Telephone Companies	)	Transmittal No. 304
Revisions to Tariff FCC No. 1	)	

GTE REPLY TO SPRINT PETITION

Dated: December 16, 1999

GTE Service Corporation, on behalf of its affiliated local exchange companies,

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GTE REPLY TO SPRINT PETITION

GTE Service Corporation, on behalf of its affiliated local exchange companies, ("GTE") respectfully replies to the Petition to Reject or in the Alternative, Suspend and Investigate ("Petition") filed by Sprint Corporation on December 13, 1999 against the above-referenced transmittals. Sprint challenges the rates proposed as excessive and unsupported. GTE believes that the material filed in support of the transmittals and additional material provided herein[1] show that the rates proposed are just and reasonable and are in accordance with the Commission's collocation policy. Thus, the transmittals should be permitted to go into effect as scheduled on December 21, 1999.

The transmittals propose a Site Preparation Charge for the cost of construction associated with requests for Physical Expanded Interconnection Services ("EIS") and establish rates for other elements that are currently billed on an Individual Case Basis

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[1] While GTE believes the material filed in support of the transmittals adequately support the tariff in compliance with the FCC tariff rules, GTE is also providing additional workpapers and cost support to further substantiate the reasonableness of the tariff.

("ICB"). In the past, since GTE did not have significant collocation experience in any of its jurisdictions to develop general rates, collocation rates were filed on an ICB basis. These transmittals modify the tariff to comply with the FCC's 1999 Collocation Order[2] and significantly eliminate GTE's reliance on ICB EIS rates.

A. GTE's Site Preparation Charge is reasonable and properly justified.

Sprint challenges the investment and cost data associated with the Site Preparation Charge. GTE is proposing a charge of $33,560. In developing this general rate, GTE used data from specific cost studies and from the 25 ICB estimates developed in 1999 for major HVAC and power upgrades. Attachment A to this Reply is a summary of the individual cost components provided on the summary sheets in GTE's filing. The individual cost components are discussed in the detail below.

The physical building modification cost includes all costs associated with modifying the central office ("CO") in order to accommodate collocation. There may be two external contractors involved in this process, an engineering firm and a general contracting firm. The engineering firm's involvement is twofold. First, the engineer is responsible for identifying, at a high level, the building modifications necessary to accommodate collocation. Second, the engineer works with an architect to create blueprints that detail the necessary construction to the collocation area. The general contracting firm uses these drawings in order to plan the actual construction and identify the necessary subcontractors. The general contractor is responsible for

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[2] *Deployment of Wireline Services Offering Advanced Telecommunications Capability*, First Report and Order and Further Notice of Proposed Rulemaking, CC Docket No. 98-147, FCC 99-48, released Mar. 31, 1999.

completing the necessary construction for the building modification portion of the project, including hiring and coordinating all necessary subcontractors.[3]

In challenging the source of the cost data used in the GTE filing, Sprint argues that the cost may not be typical of an office with collocation. Each cost category represents the average cost incurred for a collocation project. This methodology is presented in Attachments B through F. Since each central office is different and building modification requirements vary, not all cost elements will be incurred on each collocation project. Due to the differences presented in the COs and collocation projects, several of the building modification cost elements reflect the probability/ frequency of incurred costs (see Attachment A).

Sprint also questions if all the cost elements were directly related to a collocation request. Cost elements, other than those for HVAC and power upgrades, used in this study were calculated based on the actual construction cost of the most recent collocation projects completed in California and Texas as shown in Attachments B through E. These two state costs were then brought to an average cost based on the

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[3] Sprint also alleges that the Site Preparation Charge includes an unreasonably high percentage of contractor labor. GTE first identified the known material costs. Although the remaining costs of $29,503.56 were classified as "contractor labor", this includes both the contractor's labor and materials. GTE uses outside contractors for the majority of this work. These contractors typically provide total cost estimates and do not provide a breakdown between labor and material in their estimates to GTE. Thus, costs associated with contractor labor and materials make up 88 percent of the proposed charge of $33,560.

National Construction Estimator.[4] Costs related to HVAC and power upgrades were based on collocation modifications and project quotes that were derived as a direct result of collocation requests (Attachment F).

The supporting cost detail found in Attachments B through F further support the categories used by GTE to fulfill a collocation request.

B. Description of each of the building modification cost elements.

1. Security Access – Refer to Attachment B

Card Reader & Controller/ Card Reader Modification – In some physical collocation arrangements, it is necessary to install a card reader/controller or a card reader, or to modify existing equipment, to provide the collocator with secured access to the facility. These costs are presented on an equipment type basis or modification.

2. Security Fencing/Storage Security – Refer to Attachment C

Storage Security - This cost may also be for the modification of existing equipment cabinets and file cabinets in order to provide for locking. This cost is based on estimates from contractors who perform this type of activity. The placement of locking hasps or bars is based on 20 per central office. A cost for providing a chain type lock (bicycle) is also used for those pieces of equipment that can be locked in a shelf area.

Security Fencing – In some central offices it may be necessary to construct a fenced area to provide a secured area for GTE's switching equipment, other

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[4] The National Construction Estimator is a nationally accepted publication used for industrial and commercial construction. The National Construction Estimator provides national average costs for material and labor. State specific indices are provided by state to adjust the national material and labor estimates to state specific levels.

telecommunications equipment, and spare cards or test equipment. This cost is based on the cost of cage fencing per square footage of fencing material.

3. Site Modifications – Refer to Attachment D

Demolition and Site Work – The demolition and site work cost represents the cost to remodel, repair or rehabilitate the CO in order to provide collocation. Also included is the cost to clean up any associated debris caused by the demolition work.

Steel/Metals Work – The steel/metals work cost represents the labor and materials necessary to install new metal facilities in the CO. This cost includes but is not limited to stairways, catwalks and guardrails.

Painting/Finishes – The painting/finishes cost represents the labor and materials necessary to paint portions of the CO as it applies to collocation. It includes (but is not limited to) painting doors, walls and hardware.

Interior Door – The interior door cost represents the cost to install a new door inside the CO. The cost includes the labor and materials to cut the frame and place the door in the frame.

Flooring Work – The flooring cost includes the labor and materials to place new flooring material in the collocation area (*e.g.*, in some offices it is necessary to pull-up carpeting and place a tile floor).

HVAC – Minor (Heating, Ventilation, and Air Conditioning) - The HVAC - Minor cost represents the cost for minor HVAC work and duct modifications at the immediate area of the collocator's location within the central office.

Hardware – Lockset for Door – This cost element represents the labor and materials cost to install a lockset in an existing or new door. The cost is per unit and is incurred for each lockset needed for the project.

Dust Partition (Plastic Curtain) – The dust partition cost represents the cost to place a temporary dust curtain around the construction area. The purpose of the curtain is to protect the existing equipment in the CO from dust and debris produced during construction projects.

4. Electrical – Refer to Attachment E

Electrical Lighting – This cost element is for the installation of one electrical light four-foot in length. The cost includes the material and labor to install the lighting equipment. The light may be controlled by a manual switch or a motion detector.

Electrical Outlet – This cost element is to place one electrical outlet for the collocator use in their specific collocation area. This cost includes the material and labor to place one outlet.

Floor Grounding Bar – The floor grounding bar is located in the collocation area and is used to provide ground potential to each collocator. The floor ground bar is grounded back to the main central office ground. This cost includes all material and labor to place a cable from the main ground source to the collocation area. PVC conduit is used to enclose this ground wire.

5. Major HVAC/Power Additions – Refer to Attachment F

The major HVAC/Power costs are those costs necessary to provide conditioned space within the central office where the collocator's equipment will be placed. The major power addition cost is the cost necessary to provision DC power plant equipment

that has the ability to sustain necessary power levels for all telecommunications equipment to operate within the central office. These costs are specifically related to the power plant equipment for the central office.

Although Sprint alleges that GTE's allocation of the replacement costs of a HVAC system is unreasonable, GTE has based these costs on activity GTE has experienced with current collocation modifications and project quotes. In developing this general rate, GTE used data from the 25 ICB estimates, ranging from approximately $15,000 to $2.6 million, developed in 1999. The Attachment F detail consists of a total of 25 ICB quotes for major environmental conditioning or a power plant upgrade. These quotes were provided to collocators between the period of January 1, 1999 and September 30, 1999. During this same time period, a total of 491 collocation quotes were provided to collocators. The ICB total amount ($9,274,264.93) divided by the total number of collocation quotes yields the total ICB amount ($18,888.52) per collocation quote. This total amount per collocation quote is part of the averaged "Site Preparation Cost."

GTE's calculation is based HVAC and power quotes for ICBs that were triggered by collocation requests during 1999. In some cases, these requests may have required an enhancement or partial replacement of an entire HVAC system in a given office. In all cases, however, the cost would only have been incurred because of the collocation request. GTE had no plans to replace, enhance or upgrade the HVAC system or power for its own purposes. Therefore, it is reasonable and appropriate to allocate the cost of these HVAC system or power upgrades entirely to collocators.

Sprint alleges that GTE did not properly document the collocation demand or fill factors. GTE has included in Attachment G the workpapers used to determine GTE's national fill factor of three collocators per office. This was determined by dividing the total number of collocators currently in GTE's offices by the total number of collocated offices. This represents the average number of collocators in GTE's central offices.

The annual demand figure of 13 that Sprint refers to in its Petition is not used in any calculation for the determination of costs. The demand figure of 13 refers to the forecasted demand in the year 2000 for the Site Preparation charge for the federal EIS tariff offering only. GTE expects that additional Site Preparation charges will be assessed under state collocation tariffs. These forecasted units were depicted in the filing solely for the use of the calculation of federal Site Preparation charge revenues and are based on reasonable expectations of demand given historical experience with federal collocation offerings. Therefore, the figure of $436,280 that Sprint refers to its filing is not GTE's average cost per office, but simply reflects expected revenue for the interstate EIS tariff.

For the foregoing reasons, GTE has properly justified its proposal. Sprint's Petition should be denied and the transmittals should be permitted to go into effect as scheduled on December 21, 1999.

Dated: December 16, 1999

Respectfully submitted,

GTE Service Corporation, on behalf of its affiliated local exchange companies,

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Certificate of Service

I hereby certify that a copy of the foregoing document of GTE Service Corporation was hand delivered to the following parties:

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Attachment A

Summary

GTE Incorporated: Collocation Cost/Pricing Study - All States
Summary of Site Preparation

Cost Elements	Increm't	Cost	Frequency	Units	Fill Factor	Subtotal	Price
Security Access							
New Technology Card Reader & Contr	per reader	$12,788.79	82.1%	1.0	3.0	$3,499.87	
Card Reader Modification	per reader	$2,662.49	15.0%	1.0	3.0	$133.12	
						$3,632.99	
Security Fencing/Storage Security							
Storage Security	per collo off.	$2,800.00	64.5%	1.0	3.0	$602.00	
Security Fencing	1 SF fencing	$11.01	35.5%	884.7	3.0	$1,152.59	
						$1,754.59	
Site Modifications (for Construction inside GTE CO only)							
Demolition and Site Work	per request	$1,497.56	100.0%	1.0	3.0	$499.19	
Steel/Metals Work	per request	$2,472.81	20.0%	1.0	3.0	$164.85	
Painting/Finishes	per request	$1,651.80	5.0%	1.0	3.0	$27.53	
Interior Door	per request	$4,130.63	80.0%	1.0	3.0	$1,101.50	
Flooring Work	per request	$2,266.49	5.0%	1.0	3.0	$37.77	
HVAC - Minor (Heating, Ventilating &	per occ	$2,526.03	90.0%	1.0	1.0	$2,273.43	
Hardware - Lockset for Door	per unit	$401.66	80.0%	1.0	3.0	$107.11	
Dust Partition	per request	$2,279.43	100.0%	1.0	1.0	$2,279.43	
						$6,490.81	
Electrical							
Lighting	per unit	$992.56	100.00%	1.0	1.0	$992.56	
Electrical Outlet	per outlet	$900.03	100.00%	1.0	1.0	$900.03	
Floor Grounding Bar	per bar	$2,706.24	100.00%	1.0	3.0	$902.08	
						$2,794.68	
Major HVAC & Power Additions	per request	$18,888.52	100.00%	1.0	1.0	$18,888.52	
						$33,553.57	
Total Site Preparation Rate		$58,976.06					$33,560.00

Attachment B

Security Access

GTE: EIS Cost Study - California
Non-Recurring Costs - Single Cage
Building Modification - Security Access - Card Reader/Controller Cost

Description	New Technology Card Readers with Controller[1]		Modifications per Existing Readers[2]
	Reader Cost	Controller Cost	Cost
California Adjusted Cost to National Avg	$7,756.82	$1,883.80	$2,356.19
Texas Adjusted Cost to National Avg	$8,153.53	$4,840.88	0
Average Cost	$7,955.18	$3,362.34	$2,356.19
Adjustment for California (13%)	$1,034.17	$437.10	$306.30
California Cost	**$8,989.35**	**$3,799.44**	**$2,662.49**

Note:
1) New technology card readers use the "swipe card" and contains "Smart Card" features.
2) Modification costs for existing card readers could occur when a doorway (passageway) is blocked by a collocator and a new reader access must be created. These costs will be less because the controller has previou been installed during the initial site modification.

Attachment C

Security Fencing/Storage Security

GTE: EIS Cost Study - California
Non-Recurring Costs - Single Cage
Building Modification - Storage Security

Storage Cabinet Security								
Ln	Description	Source	Cost Per Cabinet	Cabinets Per CO	Hasp Lock	Bar-Type Lock	Core Lock	Cost	Destination
Equipment								
1	2-door cabinets for test equipment/spare cards	Note 2		10	$8.00		$50.00	$580.00	
2	Filing cabinets for circuit layout records, etc.	Note 2		10		$40.00	$50.00	$900.00	
3					Subtotal Storage Cabinet Security			$1,480.00	
Labor									
4	Installation per cabinet	Note 2	$60.00	20				$1,200.00	

Rack Storage Security						
	Description	Source	Cost Per Cabinet	Cable Locks Per CO		Core Lock	Cost
Equipment							
5	Rack Lock for Exposed Test Equipment	Note 2		2	$10.00	$50.00	$120.00

LN 3 + Ln 4 + Ln 5 — Total Storage Security per CO **$2,800.00** Summary - 1

Note:
1) Cost is to provide the ability to secure existing cabinets. Cost does not include the purchase of new or additional cabinets.
2) Costs for cabinet/rack equipment and installation are an average cost obtained from contractor proposals.

GTE: EIS Cost Study - California
Non-recurring Costs
Cage Fencing Cost

Summary of Cage Fencing Costs:	
Over 100 Square Feet Floor Space (per Square Foot)	$11.01
75 - 99 Square Feet Floor Space (per Square Foot)	$11.79
50 - 74 Square Feet Floor Space (per Square Foot)	$13.10
25 - 49 Square Feet Floor Space (per Square Foot)	$16.04
Cage Gate	$624.53

Description	Cage Fencing Sq. Ft Surface (Note 1)	Cage Cost	Gate Cost
California Adjusted Cost to National Avg	306.88	$2,687.65	$709.22
Texas Adjusted Cost to National Avg	369.71	$3,905.82	$396.13
Average Cost	338.30	3,296.74	552.68
Adjustment for California (13%)	N/A	$428.58	$71.85
California Cost	338.30	$3,725.32	$624.53

Note:

1) The cage fencing by square foot average is a national average. The square footage cost used for surface fencing is the same for all states.

GTE: EIS Cost Study - California
Non-recurring Costs
Cage Fencing Cost

Ln	Description	Source	Cage Fencing Space Area: Over 100 Square Feet A	75 - 99 Square Feet B	50 - 74 Square Feet C	25 - 49 Square Feet D
1	Cage Fencing Floor Space Area (Square Feet)		100	75	50	25
2	Square Root of Cage Floor Space	SQRT Ln 1	10.00	8.66	7.07	5.00
3	Percent of Cage Floor Space	Ln 2 / Ln2A	100.00%	86.60%	70.71%	50.00%
4	Average Cage Fencing Area (Square Feet)	Ln 3 * Ln 4A	338.30	292.98	239.21	169.15
5	Cage Cost per Square Foot	Note 1	$5.98			
6	Average Cage Fencing Area Cost	Ln 4A * Ln 5A	$2,023.03			
7	Average Cage Enclosure Cost	Cage Enclosure - 1	$3,725.32			
8	Vendor Engineering & Overhead Cost	Ln 7 - Ln 6	$1,702.29			
9	Vendor Engineering & Overhead Cost per Square Foot	Ln 8A / Ln 4	$5.03	$5.81	$7.12	$10.06
10	Total Cage Enclosure Cost per Square Foot of Fence Surface	Ln 5A + Ln 9	**$11.01**	**$11.79**	**$13.10**	**$16.04**

Note:
1) The cost per square foot for the cage was provided by the Contractor used by GTE to construct the cage.

Attachment D

Site Modifications

GTE: EIS Cost Study - California
Non-recurring Costs
Building Modification - Site Modifications

Sites	Demo/site	Interior Door	Flooring	Exterior Door	Concrete Work	Steel/Metal Work	Painting / Finishes	Lockset for Door	Dust Partition
California Adjusted Cost to National Avg	1,551.96	$3,624.27	$1,988.65	$7,429.35	$1,286.21	$1,413.33	$557.04	$352.42	$1,596.15
Texas Adjusted Cost to National Avg	1,098.59	$3,686.58	$2,022.84	$4,295.68	$353.79	$2,963.32	$2,366.50	$358.48	$2,438.24
Average Cost	1,325.28	3,655.43	2,005.75	5,862.52	820.00	2,188.33	1,461.77	355.45	2,017.20
Adjustment for California (13%)	$172.29	$475.21	$260.75	$762.13	$106.60	$284.48	$190.03	$46.21	$262.24
California Cost	**$1,497.57**	**$4,130.64**	**$2,266.50**	**$6,624.65**	**$926.60**	**$2,472.81**	**$1,651.80**	**$401.66**	**$2,279.44**

Note:

All adjustments are made using The 1998 National Construction Estimator which is a nationally accepted publication used for industrial and commercial construction. The Construction Estimator provides national average costs for material and labor. State specific indices are provided by National Construction Estimator to adjust the national material and labor estimates to
Note 1: The source for the Loaded Labor Rates is referenced in Loaded Labor Rates - 1. 101 - Equipment Installer, 011 - Equipment Engineer..
National average is then brought to a California amount by using the California factor.

GTE: EIS Cost Study - California
Non-recurring Costs
Building Modification - Minor HVAC

Sites	HVAC[1]
California Adjusted Cost to National Avg	$2,298.45
Texas Adjusted Cost to National Avg	$2,172.40
Average Cost	$2,235.43
Adjustment for California (13%)	$290.61
California Cost	$2,526.03

Note:
1) HVAC is considered to be minor duct work revisions. Major revisions considered on Individual Case Basis.

GTE: EIS Cost Study - California
Non-Recurring Costs Physical and Virtual EIS
Building Modification - Site Modifications

California Sites	Demo/ Site	Exterior Door	Concrete	Steel Framing	Painting	Panic Hardware	Plastic Curtain
Baldwin Park	$3,455.37	$6,484.22	$1,478.40		$405.04		
Bell Gardens (Florence)							
Claremont							
Clark						467.59	
Covina						484.39	
La Habra						515.34	
Long Beach Main						578.01	
Long Beach Uptown						454.42	1,957.32
Marshall	560.65						
Ontario		10,594.73			1,069.75	487.21	
Pico					446.05		
Pomona							
Rowland						483.90	1,822.44
San Dimas	1,335.56			1,624.52			
Valley View						496.87	
Westminister							
Whittier South						909.51	1,724.22
Average	$1,783.86	$8,539.48	$1,478.40	$1,624.52	$640.28	$541.92	$1,834.66
Index to National Average -13	$1,551.96	$7,429.35	$1,286.21	$1,413.33	$557.04	$471.47	$1,596.15

GTE: EIS Cost Study - California
Non-Recurring Costs Physical and Virtual EIS
Building Modification - Site Modifications

Texas Sites	Index[2]	Interior Door	Flooring	Lockset for Door
Irving East				$323.72
Walnut Hill				316.42
Irving Main			3,246.15	
Irving Southwest		3,332.77	366.06	
Plano West		3,250.40		
Average		$3,291.59	$1,806.11	$320.07
Index to National Average:	-12%	$3,686.58	$2,022.84	$358.48
California Index:	13%	$4,165.83	$2,285.81	$405.08
Index to National Average		$3,624.27	$1,988.65	$352.42

Note:

1) There is no existing California data for these cost elements. Actual Texas Collocation projects were used to develop costs for these elements.

2) The 1998 National Construction Estimator is a nationally accepted publication used for industrial and commercial construction. The Construction Estimator provides national average costs for material and labor. State specific indices are provided by state to adjust the national material and labor estimates to state specific level.

GTE: EIS Cost Study - California
Non-Recurring Costs Physical and Virtual EIS
Building Modification - Site Modifications

Texas Sites	Index[2]	Interior Door	Flooring	Lockset for Door
Irving East				$323.72
Walnut Hill				316.42
Irving Main			3,246.15	
Irving Southwest		3,332.77	366.06	
Plano West		3,250.40		
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